

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton; and  
Robert G. Taub

Swaledale Post Office  
Swaledale, Iowa

Docket No. A2012-52

ORDER AFFIRMING DETERMINATION

(Issued February 22, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”<sup>1</sup> The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

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<sup>1</sup> United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On November 4, 2011, Kim Groh (Petitioner Groh) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Swaledale, Iowa post office (Swaledale post office).<sup>2</sup> Additional petitions for review were received from Scott Bonner (Petitioner Bonner) and John Drury (Petitioner Drury).<sup>3</sup> The Final Determination to close the Swaledale post office is affirmed.<sup>4</sup>

## II. PROCEDURAL HISTORY

On November 18, 2011, the Commission established Docket No. A2012-52 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.<sup>5</sup>

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<sup>2</sup> Petition for Review received from Kim Groh regarding the Swaledale, Iowa post office 50616, November 4, 2011 (Groh Petition).

<sup>3</sup> Petition for Review received from Scott Bonner regarding the Swaledale, Iowa post office 50616, November 10, 2011 (Bonner Petition); Petition for Review received from John Drury, Mayor, regarding the Swaledale, Iowa post office 50616, November 14, 2011 (Drury Petition).

<sup>4</sup> The Commission is divided equally, 2-2, on the outcome of this appeal. In the absence of a majority, the Final Determination stands.

<sup>5</sup> Order No. 983, Notice and Order Accepting Appeal and Establishing Procedural Schedule, November 18, 2011.

On November 22, 2011, the Postal Service filed the Administrative Record with the Commission.<sup>6</sup> The Postal Service also filed comments requesting that the Commission affirm its Final Determination.<sup>7</sup>

Petitioner Drury filed a participant statement supporting his Petition.<sup>8</sup> Petitioner Bonner also filed a participant statement supporting his Petition.<sup>9</sup> On January 13, 2012, the Public Representative filed comments.<sup>10</sup>

### III. BACKGROUND

The Swaledale post office provides retail postal services and service to 84 post office box customers. Final Determination at 2. Sixty-eight (68) delivery customers are served through this post office. The Swaledale post office, an EAS-11 level facility, provides retail service from 8:00 a.m. to 12:00 p.m. and 1:00 p.m. to 4:45 p.m., Monday through Friday, and 8:00 a.m. to 10:00 a.m. on Saturday. Lobby access hours are 8:00 a.m. to 5:00 p.m., Monday through Friday, and 8:00 a.m. to 10:00 a.m. on Saturday. *Id.*

The postmaster position became vacant on April 3, 2007 when the Swaledale postmaster retired. A non-career officer-in-charge (OIC) was installed to operate the post office. *Id.* at 2, 9. Retail transactions average 16 transactions daily (17 minutes of retail workload). *Id.* at 2. Post office receipts for the last 3 years were \$20,613 in

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<sup>6</sup> The Administrative Record is attached to the United States Postal Service Notice of Filing, November 22, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Swaledale, IA Post Office and Continue to Provide Service by Rural Route Service (Final Determination). The Postal Service also moved for late acceptance of the Administrative Record. See Motion of the United States Postal Service for Late Acceptance of Administrative Record, November 22, 2011 (indicating that the Administrative Record was submitted one day late due to the need to coordinate with responsible personnel in the field). The motion is granted.

<sup>7</sup> United States Postal Service Comments Regarding Appeal, December 29, 2011 (Postal Service Comments).

<sup>8</sup> Participant Statement received from John Drury, December 6, 2011 (Drury Participant Statement).

<sup>9</sup> Participant Statement received from Scott Bonner, December 15, 2011 (Bonner Participant Statement).

<sup>10</sup> Public Representative Comments, January 13, 2012 (PR Comments).

FY 2008; \$18,964 in FY 2009; and \$19,909 in FY 2010. There are no permit or postage meter customers. By closing this post office, the Postal Service anticipates savings of \$33,894 annually. *Id.* at 9-10.

After the closure, retail services will be provided by the Rockwell post office located approximately 7 miles away.<sup>11</sup> *Id.* at 2, 11. Delivery service will be provided by rural route service through the Rockwell post office. *Id.* at 2. The Rockwell post office is an EAS-16 level post office, with retail hours of 9:15 a.m. to 12:00 p.m. and 1:45 p.m. to 4:00 p.m., Monday through Friday, and 9:15 a.m. to 10:15 a.m. on Saturday. One-hundred-fifty-three (153) post office boxes are available. *Id.* Retail services will also be provided by the Thornton post office located approximately 6 miles away.<sup>12</sup> The Thornton post office is an EAS-13 level post office, with retail hours of 8:45 a.m. to 11:45 a.m. and 1:00 p.m. to 4:15 p.m., Monday through Friday, and 8:45 a.m. to 10:30 a.m. on Saturday. Sixty-six (66) post office boxes are available. *Id.* The Postal Service will continue to use the Swaledale name and ZIP Code. *Id.* at 9, Concern No. 4.

#### IV. PARTICIPANT PLEADINGS

*Petitioner.* Petitioner Groh, Vice President of First Security Bank and Trust which has a branch in Swaledale, opposes the closure of the Swaledale post office. Petitioner Groh states her primary concern is that the closing will have a negative impact on the community. Groh Petition at 1. Similarly, Petitioners Bonner and Drury also note the negative impact on businesses in the community. Bonner Participant Statement at 2; Drury Petition at 3; Drury Participant Statement at 4. Petitioners Bonner and Drury note that the Rockwell post office is not handicap accessible. Bonner Participant Statement at 2; Drury Petition at 2; Drury Participant Statement at 2.

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<sup>11</sup> MapQuest estimates the driving distance between the Swaledale and Rockwell post offices to be approximately 6.89 miles (13 minutes driving time).

<sup>12</sup> MapQuest estimates the driving distance between the Swaledale and Thornton post offices to be approximately 5.85 miles (10 minutes driving time).

Petitioners Bonner and Drury also question whether the proper procedures were followed. Bonner Petition at 1; Drury Petition at 1; Drury Participant Statement at 2. Both state the Postal Service erred in failing to meet with community leaders. Bonner Participant Statement at 2-3; Drury Petition at 2-3; Drury Participant Statement at 3.

Petitioners Bonner and Drury question the economic savings. Bonner Participant Statement at 3; Drury Petition at 2; Drury Participant Statement at 3. Finally, Petitioners Bonner and Drury suggest that the Postal Service has closed the Swaledale post office solely for economic reasons. Bonner Participant Statement at 2; Drury Petition at 3-4; Drury Statement at 4.

*Postal Service.* The Postal Service argues that the Commission should affirm its determination to close the Swaledale post office. Postal Service Comments at 2. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact on the Swaledale community; and (3) the calculation of economic savings expected to result from discontinuing the Swaledale post office. *Id.* at 1-2. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Swaledale post office should be affirmed. *Id.* at 2.

The Postal Service explains that its decision to close the Swaledale post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options (including the convenience of rural route delivery and retail service);
- no projected population, residential, commercial, or business growth in the area;
- minimal impact on the community; and
- expected financial savings.

*Id.* at 5. The Postal Service contends that it will continue to provide regular and effective postal services to the Swaledale community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, the effect on the Swaledale community, economic savings, and the effect on postal employees. *Id.* at 3-15.

*Public Representative.* The Public Representative states the Postal Service appears to have addressed all major concerns expressed by Petitioners. PR Comments at 1-2. The Public Representative concludes that the Postal Service followed all applicable procedures and that the Final Determination is not arbitrary nor capricious and it is supported by substantial evidence. PR Comments at 2.

## V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section 404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

#### A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. 39 U.S.C. § 404(d)(5).

The Administrative Record indicates the Postal Service took the following steps in providing notice of its intent to close. On May 17, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Swaledale post office. Final Determination at 2. A total of 152 questionnaires were distributed to delivery customers. Other questionnaires were made available at the retail counter. A total of 60 questionnaires were returned. On June 13, 2011, the Postal Service held a community meeting at Swaledale City Hall to address customer concerns. Forty-eight (48) customers attended. *Id.*

The Postal Service posted the proposal to close the Swaledale post office with an invitation for comments at the Swaledale, Thornton, and Rockwell post offices from July 20, 2011 through September 20, 2011. Final Determination at 2. The Final Determination was posted at the same three post offices from October 17, 2011 through November 18, 2011. Administrative Record, Item Nos. 47, 48.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

#### B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: the effect on the community; the effect on postal employees; whether a maximum degree of effective and regular postal service will be provided; and the economic savings to the Postal Service.

39 U.S.C. § 404(d)(2)(A). The Postal Service must also comply with the provisions of 39 U.S.C. § 101(b), which prohibits closing any small post office solely for operating at a deficit.

*Effect on the community.* Swaledale, Iowa is an incorporated rural community located in Cerro Gordo County, Iowa. Administrative Record, Item No. 16. The community is administered politically by City Hall. Police protection is provided by the Cerro Gordo County Sheriff's Office. Fire protection is provided by the Swaledale Fire Department. *Id.* The community is comprised of farmers, retirees, and those who commute to work in nearby communities. *See generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters). Residents may travel to nearby communities for other supplies and services. *Id.*

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Swaledale community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Swaledale post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 9.

Petitioner Groh raises the issue of the effect of the closing of the Swaledale post office on the community by stating generally that residents believe it will have a negative effect. Groh Petition at 1. Petitioners Bonner and Drury state that businesses need to receive mail early in the day and need postal services near the end of the business day. Bonner Participant Statement at 2; Drury Petition at 3; Drury Participant Statement at 4.

The Postal Service notes that communities and businesses generally require regular and effective postal services and these will continue to be provided to the Swaledale community. Postal Service Comments at 10-11. The Postal Service states rural route service operated out of the Rockwell post office is expected to handle any future growth in the community or in businesses in the community. *Id.* The Postal Service also notes that the concerns about the community's identity are being



addressed by continuing use of the Swaledale name and ZIP Code in addresses. Postal Service Comments at 10. The Postal Service comments that employees of local businesses travel beyond Swaledale every day for retail and personal needs. *Id.*

The Postal Service states it considered the effect the closing may have on business and it concluded the growth of the community is not dependent upon the location of a post office. *Id.* at 11.

Petitioners also state that the loss of the bulletin board has a negative impact on the community since the Swaledale post office is one of the three public notice posting places established by ordinance for the City of Swaledale. Bonner Participant Statement at 3; Drury Petition at 2; Drury Participant Statement at 3. The Postal Service responds that bulletin boards may be posted at the Volunteer Fire Department, the Swaledale Public Library, or the First Security Bank and Trust. Postal Service Comments at 11.

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

*Effect on employees.* The Postal Service states that the Swaledale postmaster retired on April 3, 2007 and that a non-career OIC has operated the Swaledale post office since then. Final Determination at 2, 9. It asserts that after the Final Determination is implemented, the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. *Id.* at 9; Postal Service Comments at 14.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Swaledale post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

*Effective and regular service.* The Postal Service contends that it has considered the effect the closing will have on postal services provided to Swaledale customers. Postal Service Comments at 5-6. It asserts that customers of the closed Swaledale post office may obtain retail services at the Rockwell post office located 7 miles away. Final Determination at 2. Delivery service will be provided by rural route service through

the Rockwell post office. The Swaledale post office box customers may obtain Post Office Box service at the Rockwell post office, which has 153 boxes available. Customers may also go to the Thornton post office located 6 miles away for retail services or Post Office Box service. The Thornton post office has 66 boxes available. *Id.*

For customers choosing not to travel to the Rockwell post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 8. The Postal Service adds that it is not necessary to meet the carrier for service since most transactions do not require meeting the carrier at the mailbox. The Postal Service states that carrier service is especially beneficial to many senior citizens and those who face special challenges because the carrier can provide delivery and retail services to roadside mailboxes. Moreover, the Postal Service states that special provisions can be made, upon request, for hardship cases or special customer needs. Thus, the Postal Service states that rural route service effectively addresses all handicap needs. *Id.*

The Postal Service addresses concerns about vandalism and theft by asserting that its research disclosed no reports of vandalism in the area and that customers may put a lock on their individual mail boxes. *Id.* at 8-9.

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

*Economic savings.* The Postal Service estimates total annual savings of \$33,894. Final Determination at 10. It derives this figure by summing the following costs: postmaster salary and benefits (\$44,279) and annual lease costs (\$1,500), minus the cost of replacement service (\$11,885). *Id.*

Petitioners Bonner and Drury challenge the figures for the postmaster since the Swaledale post office has been run by an OIC since 2007. Bonner Participant Statement at 3; Drury Petition at 2; Drury Participant Statement at 3. The Postal Service states that the economic savings calculation is forward-looking and thus, the fact that the Postal Service may have paid less in salary and benefits over the past

years does not mean that it could count on those savings annually in the future. Postal Service Comments at 12.

The Swaledale post office postmaster retired on April 3, 2007. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be reassigned or separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. See, e.g., Docket No. A2011-67, United States Postal Service Comments Regarding Appeal, October 24, 2011, at 13; Docket No. A2011-68, United States Postal Service Comments Regarding Appeal, November 2, 2011, at 10. Furthermore, notwithstanding that the Swaledale post office has been staffed by an OIC for approximately 5 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

*Section 101(b).* Section 101(b) prohibits closing any small post office solely for operating at a deficit. Petitioners Bonner and Drury allege that the Postal Service is closing the Swaledale post office solely for economic reasons. Bonner Participant Statement at 2; Drury Petition at 3; Drury Participant Statement at 4.

To be sure, economics plays a role in the Postal Service's decision. However, the Commission is not prepared to conclude that the Postal Service's determination violates section 101(b). In addition to considering workload at the Swaledale post office (revenues declining and averaging only 16 retail transactions per day), the Postal Service took into account other factors such as the postmaster vacancy, the minimal impact on the community, and expected financial savings. In addition, it considered the alternate delivery and retail options available to customers. Final Determination at 11.

The Postal Service did not violate the prohibition in section 101(b) on closing the Swaledale post office solely for operating at a deficit.

## VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Swaledale post office is affirmed.<sup>13</sup>

*It is ordered:*

The Postal Service's determination to close the Swaledale, Iowa post office is affirmed.

By the Commission.

Shoshana M. Grove  
Secretary

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<sup>13</sup> See footnote 4, *supra*.

## DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Swaledale post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster retired on April 3, 2007. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

A non-career OIC has been in place for more than 4 years. Given this extended period of time, and the Postal Service's current financial difficulties, it is clear that the Postal Service has no obligation to maintain a full-time postmaster in small facilities such as Swaledale. Upon closure of the facility, the Postal Service may, at most, avoid continuing to pay the OIC level salary.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the Administrative Record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data were in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the Administrative Record and present a more considered evaluation of potential savings.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011, have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Swaledale, Iowa and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

## DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The Postal Service should take into consideration that a non-career postmaster relief (PMR) has been in charge of this facility for nearly 5 years, since April 2007, not an EAS-11 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.

In addition, I note that Petitioner Kim Groh, Vice President of First Security Bank and Trust, which operates a branch in Swaledale, requested "information about becoming a USPS neighborhood retail center for this community." Groh Petition at 1. The Postal Service, in its comments, did not respond to the Petitioner's inquiry. Had the Postal Service explored the bank's inquiry, there may have been an opportunity to provide an alternative to rural route service to the Swaledale community.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Swaledale post office and should be remanded.

Nanci E. Langley